

load costs, to simply stating that a non-zero EIM Base Schedule is an Integrated Forward Market (“IFM”) self-schedule. SCE expresses concern, however, that this new language is not sufficiently specific and “lends great discretion for calculation formula designs, which has led to many unintended payment calculations.”² In response, the CAISO clarifies that this modified language will not provide any opportunity for EIM resources to over-recover minimum load costs because the reference to Section 11.8.4 ensures the continued application of the rule that resources are not eligible to recover minimum load costs associated with self-commitments. Moreover, specifying that base schedules will be treated as IFM self-schedules will allow the CAISO to factor into the bid cost recovery calculation for EIM resources the cost savings associated with situations in which a multi-stage resource is decremented to a lower configuration in real-time than the one it self-committed to in its base schedule.³

SCE also asks that as “part of the CAISO initiative to revamp [bid cost recovery], some of the key implementation details should be incorporated as part of the tariff to ensure consistent [bid cost recovery] calculation outcome.”⁴ Based on discussions that the CAISO had with SCE after SCE filed its comments, the CAISO now understands that this remark reflects a more general concern that the CAISO has not provided enough time during previous market simulations and Business Practice Manual development processes to consider specific implementation scenarios relating to bid cost recovery issues. In response, the CAISO indicated to SCE that it would, as part of

² SCE Comments at 3.

³ See the discussion in Section II.D of the transmittal letter accompanying the CAISO’s March 12 tariff amendment.

⁴ SCE Comments at 3.

the recently commenced stakeholder process to address bid cost recovery and variable energy resource settlements, include more examples to help make the high level policy more concrete. The CAISO will also offer to hold working group sessions for interested stakeholders in order to work through specific examples. The CAISO can include these process improvements in other stakeholder initiatives addressing bid cost recovery issues, as well as review the overall process timelines. The CAISO believes that these process improvements will address SCE's concerns.

II. CONCLUSION

The CAISO respectfully requests that the Commission consider these comments as part of the record in this proceeding, and approve the CAISO's March 12 tariff amendment as filed.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all of the parties listed on the official service list for the above-referenced proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 17th day of April, 2015.

Anna Pascuzzo

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